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1. INTRODUCTION

Following the signature of the Stabilization and Association Agreement (SAA) with the European Communities and member states of the EU, Albania passed to more advanced contractual relations with the EU, making a step ahead towards the subsequent phases of the European integrating process. The SAA reflects the so-called Copenhagen¹ and Madrid criteria for becoming an EU member, as sanctioned in the Treaty of the European Union².

The SAA signing was mistakenly interpreted as a government victory, albeit the process preceding the signature was a fruit of several year's work, launched in 1991 after Albania established diplomatic ties with the EU. For this reason, the annual European Commission Report, published in 8 November 2006³, and the Enlargement Strategy⁴ should have been considered in the climate of the continuity of a dialogue that is naturally intensified through findings and critical assumptions. On the contrary, the so-called European Commission's *constructive ambiguity* could not be saved from black and white readings and interpretations in favor or against of what is considered a victory, a regress or a *status quo* by the political majority or the opposition.

In face of the European resoluteness outlined in the Enlargement Strategy, according to which following Bulgaria's and Rumania's membership the enlargement process can be continued only after an institutional adjustment within the EU, Albania would have to accomplish the reforms required by Brussels and define them as its political priorities. In addition to the Enlargement Strategy, the European Council Conclusions of 14-15 December 2006 clearly state that the EU should not set in advance a future enlargement date before a candidate country ends its membership negotiation process⁵, as in the case of Rumania and Bulgaria.

The Enlargement Strategy says that a full implementation of obligations deriving from the SAA constitutes the sole guarantee for passing to other phases proceeding Albania's membership in the EU. Issued two months after the publication of the European Commission Report and of the Enlargement Strategy, this study deals with key elements of these documents, analyzing to what extent the recommendations produced therein are translated into priorities and tangible actions by the Albanian politics.

¹ Any country seeking membership of the European Union (EU) must conform to the conditions set out by Article 49 and principles laid down in Article 6(1) of the Treaty on European Union. Relevant criteria were established by the Copenhagen European Council in 1993 and strengthened by the Madrid European Union in 1995. To join the EU, a new member state must meet three criteria: political criteria: stability of institutions guaranteeing democracy, the rule of law, human rights, and respect for the protection of minorities; economic criteria: existence of a functioning market economy and the capacity to cope with pressure and market forces within the Union; acceptance of a Community acquis: ability to take on the obligations of the membership, including adherence to the aims of political, economic and monetary union.

² See, Article 49 in correlation with Article 6 (1) of the Treaty of the EU.

³ See, Report of the Commission of the European Communities, COM (2006) 694 final, Brussels, 8.11.2006.

⁴ See, Enlargement Strategy and Main Challenges 2006-2007, COM (2006) 649, Brussels, 8.11.2006.

⁵ See, more specifically paragraph 7 of the conclusions of the European Council 14-15 December 2006.

2. LACK OF COOPERATION AND POLITICAL CONSENSUS

The European political opinion often refer to the fact that unlike other countries of the region, no political grouping in Albania, even a peripheral one, rejects the Euro-Atlantic integration process. But, is this enough to bring to life the European dream of Albanians? Of course not! The political consensus should be developed though a real cooperation between the ruling parties and the opposition on the main development and transformation challenges the country faces, these being essential challenges for the European integration.

It is in this context that the assessment of the European Commission Report in connection with the role of the Parliament as the main institution of a constitutional democracy should be understood. Handing the report over to the Parliament for the first time indicated exactly this. At the same time, the Report unhesitatingly highlights the fact that the workings of the Parliament face technical and administrative shortfalls, a limited budget that does not focus on its core tasks in a stable way, problems of the voting procedures and equipment that do not yet ensure transparent and undisputed results.

According to the Report the interventions of the Constitutional Court and of the President of the Republic have been proper and efficient. In fact the action of the Constitutional Court and use of the presidential veto against a considerable part of the parliamentary majority initiatives (justified by the latter as *raison d'être*), have put into question the efficiency of the Parliament. The recent decision of the Constitutional Court, declaring unconstitutional the legal provisions on the basis of which the Territorial Adjustment Council of the Republic of Albania decided to demolish the overpass at “Zogu i Zi”, raises an even more sensitive question such the constitutionality and lawfulness in exercising public authority as well as the fact that Albanian citizens are faced with the financial consequences closely related to this decision-taking⁶.

The Report emphasizes that “*Albania should demonstrate that it has capacities to reach a political cooperation without an intervention from abroad*”. However, two months after the publication of the Report and following an echoed pledge to approve a resolution on transforming the EU recommendations into real actions, one month after the entry into force of the Interim Agreement it can hardly be said that the political class conceives the European integration as a process that it should embrace for the country’s transformation and progress towards the European standards.

On the verge of the local government elections, considered as the routine test of a country that has now been associated in the EU, the Albanian political setting is beset by tension, conflictuality, and particularism, centered in the populist rhetoric, a deformed Government-Parliament- President-Prosecutor General- Judicial System relationship, a lacking electoral reform, which should have been founded on political representation, non-deformation of the people’s will, and on the cooperation between the ruling coalition, opposition, civil society, business groups, that is currently missing.

⁶ See, Judgement of the Constitutional Court, no. 29, 21.12.2006.

3. NEED FOR A VISIONARY GOVERNANCE AND FOR CONSTRUCTING A MODERN PUBLIC ADMINISTRATION

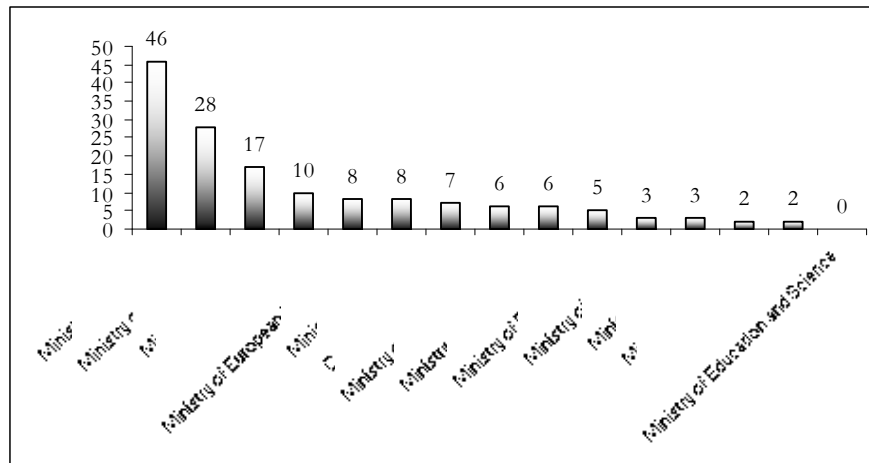
The government plays the main role in the country's process of rapprochement to the EU, although it is not the only actor in the process. In order to guarantee the success of this long-term process, among other things, government will have to bridge communication gaps and involve the opposition, interest groups, various communities and the civil society in decision-making. It is only in this way that the European integration process, which is nothing else but the transformation and development of the country towards the European standards, will move closer to the daily needs of the citizens.

In that perspective, the EC Report underlines the Government's efforts to define the costs of the integration process, to draft a National Strategy for Development and Integration and launch 23 sector strategies and cross-sector strategies. But the Report does not analyze the implementation, difficulties and novelties to be introduced by this process in connection with the budgeting process, as over this time Albania has not suffered from lack of strategic documents, but willingness to put them in practice.

Drafting and implementing these documents is rendered more difficult if we refer to a shocking finding of the Report, according to which the process of restructuring the public administration has led to diminishing and interruption in strengthening the administrative capacities. In fact it is difficult to strike a fair balance between the European integration process requirements for a stronger and more efficient administration and the Government on a diet. Also, it is even more difficult to measure the political willingness of a Government to carry on with reforms for Europeanizing the country where the governance willingness is not focused on strengthening the public administration, while observing the constitutional principles and the law on the basis of which, like the ADN of a modern society, the public administration should function.

However, this is only one side of the medal. The other side is related to the conclusions to be drawn from *Graphic no 1*, according to which the central institutions have a tendency to disregard the civil service legislation and to undermine the decisions of the Civil Service Commission, even though the decisions of this institution are binding on everyone. This conclusion matches that of the European Commission Report. The graphic shows that the lack of *legal certainty* goes hand in hand with the lack of career planning and lack of performance management in the civil service and political appointments.

Graphic 1. Number of decisions of the Civil Service Commission that have not been enforced in Central Institutions for the period January-October 2006



Source: Civil Service Commission, 2006 Statistical Data.

The Ministry of Finance, Ministry of Economy, Trade and Energy, Ministry of the Interior and the Ministry of Agriculture, Food and Customer Protection stay at the top of the list of institutions failing to enforce decisions of the Civil Service Commission. The only central institution that has completed the restructuring process in line with the civil service legislation is the Ministry of Education and Science.

Official data taken from the Civil Service Commission show that over 70% of the appeals by individuals affected by the public administration restructuring have been upheld by the Commission. The fact that such a high percentage of dismissals has been found in breach of the law by the Commission indicates that the restructuring process has been grounded on illegal considerations that have nothing to do with the career and professionalism system and that the Department of Public Administration was incompetent in managing the civil service in compliance with the merit and career principles and in some instances has acted in contravention with the legislation in force. Such disregard for legislation by the institutions mentioned above and the Department of Public Administration have financial consequences that will have to be borne by the Albanian taxpayers, as two, or, sometimes even three individuals are paid for the same position.

It seems like neglecting the strengthening of the public administration in compliance with the Madrid criterion and replacing it with horizontal structures that operate under the direct dependency of the Prime Minister have not been that efficient. Furthermore, the EC Report does not hesitate to mention the centralization tendencies of the government, as many decisions are taken by the Prime Minister, causing delays in major actions. Practice shows that a greater involvement of the Prime Minister in the implementation of obligations deriving from the European integration process is necessary, but this involvement appears to be more effective when it is in proportion with strengthening the administrative capacities, as the institutional memory of the process.

4. CHALLENGE OF BUILDING AN EFFICIENT JUDICIARY SYSTEM IN THE ABSENCE OF A UNIFIED EUROPEAN STANDARD

Spartak Ngjela, a distinguished attorney at law and politician, in his recently-published book entitled *“Albanian reform, avoiding the tyrannic character of politics”*, analyzes in detail the main pillars of liberal democracy and capitalism, including constitutionality, parliamentarism, market, free elections and the rule of law. Mr. Ngjela describes the judiciary as non-functioning, because *“it is not independent; moreover, it has no personality and it cannot even be said that it is capable of fulfilling all the tasks that should be performed in a system of a liberal democracy”*⁷.

The organization and functioning of the judiciary is analyzed by the Report, underlining the initiatives of the High Council of Justice to avoid the conflicts of interest, to increase transparency in the judiciary and to offer more training programmes for the new magistrates. However, the judicial procedures are still prolonged and often ambiguous. Independence of judges is still threatened and their financial treatment is inadequate. As a consequence, the judiciary needs to undergo continuous reforms that are crucial for the development of the country, a guarantee for the SAA implementation and an impetus for the European integration process.

In this context it is important to mention that the draft-law approved by the Council of Ministers should address three main aspects during parliamentary debates, namely mentioned by the European Commission Report:

- Enhancing the independence and constitutional protection of judges;
- Increasing the salaries and defining status of the judicial administrative staff;
- Overcoming the duplication of the judiciary inspectorates of the High Council of Justice and the Ministry of Justice.

The EU, which is based on a corpus of values, laws, standards and democratic institutions inspired by the constitutional traditions of the Member States, identifies in its legal documents and strategy the unique role of the justice system in general and that of the judicial power in particular in terms of safeguarding and enriching these values⁸.

Unified European standards on the judiciary reform are hard to be identified at the community level. In some cases, the European Commission has recommended different approaches on the same issue. For instance, the Commission has continuously asked Slovakia to remove the probationary clause for judges, while it has encouraged Slovenia to provide for a five-year period of probation for its judges⁹.

Notwithstanding there are widely-accepted standards, which through constituting common values of the EU Member States, influence the judicial reform process in the states aspiring EU membership while leaving to the latter space for action and choice. The European Commission has used these standards, even though through different approaches, to

⁷ See, Spartak Ngjela, *Albanian reform, avoiding the tyrannic character of politics*, p. 219, (2006).

⁸ See, European Commission Strategy Paper, (2001) www.eumap.org.

⁹ See, *Monitoring the EU Accession Process – Judicial Capacity*, p. 20, (February 2002) www.eumap.org.

monitor the reforms in the judiciary. These standards can be summarized in the obligations of every state to guarantee *an independent and competent judiciary*.

The judiciary itself should not abuse under the shield of independence. In order to address the negative perception that public opinion generates in relation to the judiciary performance a long chain of reforms should be carried out. In the case of Albania these should start with legal education, professional development of the judges and prosecutors which is flawed vis-à-vis the country's development challenges. The lack of *legal certainty that* characterizes the public life in Albania can assume a new dimension only through strengthening of the judiciary¹⁰.

5. ANTI-CORRUPTION POLICY SHOULD NOT BE TRANSFORMED INTO A GOAL IN ITSELF

Fight against corruption and the populist rhetoric that has often accompanied the process, besides accomplishments, has also produced an unreal perception, according to which Albania's rapprochement process to the EU is mainly related with the progress in fighting corruption. Fight against corruption has been and still is one of the main priorities for Albania as it is vital for the economic and institutional development of the country and for meeting the obligations arising out of the European integration process. In that context, the European Commission Report acknowledges the progress so far while on the other hand underlines effective interventions by independent institutions in the cases when the anti-corruption policy has been developed outside the constitutional framework.

The unit used by the European Commission for measuring the progress of the anti-corruption policy is the decisions of the judiciary, which in a certain way deprives of legitimacy any tendency for transforming fight against corruption into a goal in itself. In 2004 the number of sentenced persons reached 171, while for 2005 the number was 237. The number of disciplinary proceeding for corrupted prosecutors is another indicator of the measures undertaken to fight corruption. Also, the Report values the reduction of corruption in tax and customs services, reforms for reducing the state's role in the economic and social life of the country, such as the simplification of administrative and licensing procedures.

But, corruption appears in different forms, depending on the development of the country. In fact, what we label corruption in developing countries is not the same phenomenon as corruption in developed countries. In the latter, the term corruption usually designates *individual* cases of infringement of the norm of integrity¹¹. In the former, corruption actually means *particularism*¹²—a mode of *social* organization characterized by the regular distribution of public goods on a nonuniversalistic basis that mirrors the vicious distribution of power within such societies.

¹⁰ See on this argument, Spartak Ngjela, *Albanian reform, avoiding the tyrannic character of politics*, p. 219-220, who defines the judiciary as the epicenter for the protection of human dignity and the democratic system *per se*.

¹¹ See, Alina Mungiu-Pippidi, *Corruption: Diagnosis and Treatment*, Journal of Democracy, Volume 17, No. 3, July 2006.

¹² See, Guillermo O'Donnell, *Illusions about Consolidation*, in Larry Diamond, Marc F. Plattner, Yun-han Chu, and Hung-mao Tien, eds., *Consolidating the Third Wave Democracies* (Baltimore: Johns Hopkins University Press, 1997), 45-47.

Few anticorruption campaigns dare to attack the roots of corruption in societies where particularism is the norm, as these roots lie in the distribution of power itself. Instead, anticorruption strategies are adopted and implemented in cooperation with the very *predators* that control the government and, in some cases, the anticorruption instruments themselves¹³.

In a society like Albania where the public scene is overwhelmed by particularism, the fight against corruption entails improving and effectively implementing the legal framework, so that it can be real, effective, in compliance with the constitutional principles and beneficial to the development and modernization of the country. Furthermore, the fight against corruption calls for for a new political approach, concerted action, mutual control and coordinated strategies from different stakeholders, and above all a governance capable to precede the wounds from which corruption and crime emerges. This can be achieved through political, legal, economic and social reforms and through building a justice system premised on legality and professionalism.

6. COMPETITIVENESS AND SUSTAINABLE ECONOMIC GROWTH

In talks related to the EU membership criteria, often political conflictuality, rhetoric and lack of knowledge of the process defer the real debate on competitiveness and development of Albanian economy, as if the European integration process has no economic features, and no connection with the development and transformation of the country¹⁴.

As to the economic criterion, the Report analyzes the prudent monetary policy pursued by Albania, in compliance with the IMF recommendations, and the salutary macroeconomic environment that has been characterized by a strong GDP growth. This growth seems to be seriously threatened by the energy crisis that has a direct impact on the country's economy and business.

As shown in *Table 1*, Albania's Gross Domestic Product, despite the continuous increase, is still low compared to the average per capita GDP in the EU (19%), or compared to the GDP of the states that became EU members in 2004 (29%). Albania's GDP is lower than the GDP of Bulgaria and Rumania that became part of the EU family on 1 January 2007 (47%), or the GDP of Croatia or Turkey that are negotiating the EU membership process (47%). Albania's GDP is also lower than the average GDP of other Western Balkans countries (74%).

¹³ See, Alina Mungiu-Pippidi, *Corruption: Diagnosis and Treatment*, Journal of Democracy, Volume 17, No. 3, July 2006.

¹⁴ Concerning the economic criteria, see, *Just what is this 'absorption capacity' of the European Union?*, Policy Brief No. 113, Center for European Policy Studies, www.ceps.be.

Table 1. Gross Domestic Product per capita as compared to the countries of the EU, Western Balkans and Turkey

GDP per capita Albania	%
GDP per capita as compared to the EU-25 average	19%
GDP per capita as compared to the countries becoming EU members in 2004	29%
GDP per capita as compared to the average of Bulgaria and Romania	47%
GDP per capita as compared to the average of Croatia and Turkey	47%
GDP per capita as compared to the average of the Western Balkan Countries	74%

Source: European Commission official website (www.ec.europa.eu)

The debate on raising the GDP is high even in the newly-admitted states. According to estimations, in 2014 the Czech Republic shall reach 74% of the EU average GDP, while the respective figure for Hungary is 69.1%, Poland 56.8%, Rumania nearly 47%, Slovenia 82.1% and Turkey nearly 45.8%¹⁵.

Remittances are calculated at about 14.6 % of the GDP for 2005, nearly 19 % more than 2004 becoming a relatively sustainable resource of revenues, but at the same time confirming that the Albanian economy continues to rely to a relatively great extent on remittances. Revenues from remittances should be closely analyzed and considered with the readmission agreements signed by Albania with the European Communities and with most of the EU Member States, which define the rules and repatriation procedures for citizens that reside illegally in the community area.

On the other hand, these agreements and other measures taken by the EU Member States aim at improving the process of integration of Albanian citizens living in the community area. As a consequence further integration can be accompanied by a reduction of contributions from remittances. For this reason, the Albanian economy should seriously start thinking of other alternatives, while gradually reducing dependency from remittances.

Meantime, according to the Commission Report the business environment is uncertain and unclear as it develops in the absence of the principle of *legal certainty*. Property restitution and compensation is still slow and does not serve as a solid basis for developing an economy in which competition and the right to property are respected.

Building a strong macro-economic basis is not enough to ensure an economic growth. According to Hernando de Soto respect for the right to property is of great importance in the economic growth process¹⁶. A weak environment of property rights contributes to discouragement of investments, insecurities and complications for long-term planning, lack of efficiency of the judiciary, which as a whole do not encourage a salutary and honest business climate based on fairness.

¹⁵ See, D. Gros and A. Steinherr, *Economic Transition in Central and Eastern Europe*, 2nd edition, chapter 9, Cambridge: Cambridge University Press, (2004).

¹⁶ See, World Economic Forum, *The Global Competitiveness Index: Identifying the Key Elements of Sustainable Growth*, p. 4 (2006).

The positive steps undertaken for reducing the administrative barriers cut the average business registration time from 30 to 8 days but they have to be accompanied by reforms to address challenges related to the relatively high cost for creating or closing down a business, the limited immovable property documentation, the continuing high percentage of the informal economy and the public administration performance.

Competitiveness as an impetus for growth and economic sustainability should be considered closely with the level of productivity, increase in exports and establishment of an institutional setting¹⁷ that is characterized by political stability, openness and transparency in managing public resources, transparency of the judicial system operating in compliance with the law and a regulatory framework responsive to business development¹⁸.

Unfortunately, the political debate in Albania is focused less and less in the vocational training and building a trained labor force, capable of embracing the latest technologies. The Lisbon Agenda, aimed at transforming Europe in the most competitive region in the world by 2010, highlights the importance of efficient labor markets qualifying them as a pre-condition for increasing productivity¹⁹.

7. ARE THE SAA PRIORITIES REFLECTED IN BUDGET COMPONENTS?

The entry into force of the Interim Agreement on 1 December 2006 caused confusion of the media, as the latter reported that this agreement marks the establishment of the free trade area. In fact, one of the goals of the Agreement is a gradual establishment of the free trade area over a maximum period of 10 years, starting from the entry into force of this Agreement²⁰.

In 1999 the EU offered Albania a General System of Preferences, in accordance with which a unilateral trade liberalization regime was established by the EU, while Albania was required to fulfill some standards²¹ in order to be able to benefit from this regime. On the basis of Regulation 2007/2000, the EU offered to Albania a preferential autonomous regime through the completion of the concept of rules of origin and the establishment of a free trade area for the countries included in the Stabilization and Association Process.

Despite the European incentives, the level of Albanian exports towards the community area is still low, supporting the fact that any EU-offered incentive should be followed by creating market infrastructure and establishing standards. It is in this context that the EC Commission Report should be considered, since, according to it, in most of the fields such as in the public procurements, intellectual and industrial property, market surveillance, food

¹⁷ See, Daniel Kaufmann (2005), Global Competitiveness Index 2006, World Economic Forum.

¹⁸ According to the Global Competitiveness Index, the drivers of the productivity and competitiveness are organized in 9 pillars, including *basic requirements* such as institutions, infrastructure, macro-economy, health and primary education; *efficiency enhancers* such as high education and training, market efficiency and technological readiness; and the subindex *innovation and sophistication factors* such as business sophistication and innovation.

¹⁹ See, Lisbon Agenda 2004, www.ec.europa.eu.

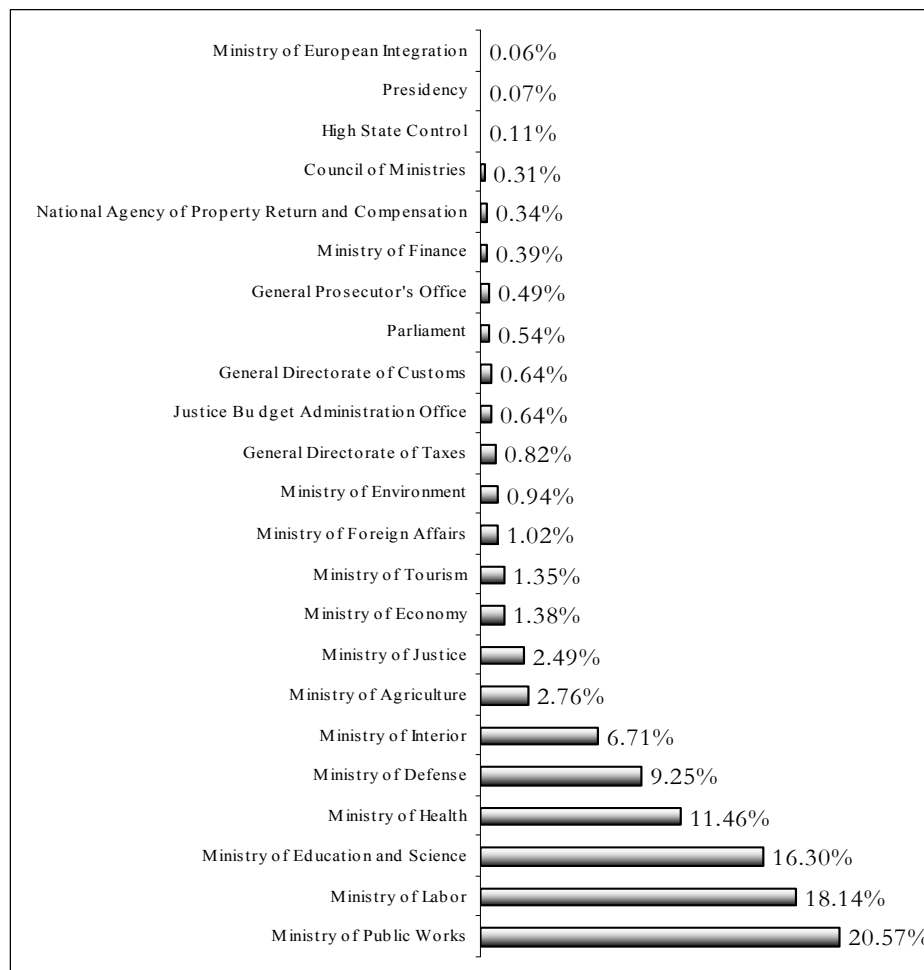
²⁰ See, Article 3 of the Interim Agreement.

²¹ See, Regulations of the Council of the EU 1763/99 and 2820/98.

safety, metrology and calibration, the veterinary and phytosanitary measures, environment, personal data protection, no substantial progress has been observed.

This is not a favorable situation, and if not addressed with priority does not offer possibilities to its subjects to secure the expected profits from the agreement. Unfortunately, the recently approved state budget (see graphic 2) is not SAA-oriented, missing the chance of a gradual and strategic establishment of conditions to benefit from the opportunities offered by the European standards reflected in the SAA.

Graphic 2. State budget allocation for 2007 by ministry and institution



Source: Ministry of Finances, State Budget Package for 2007

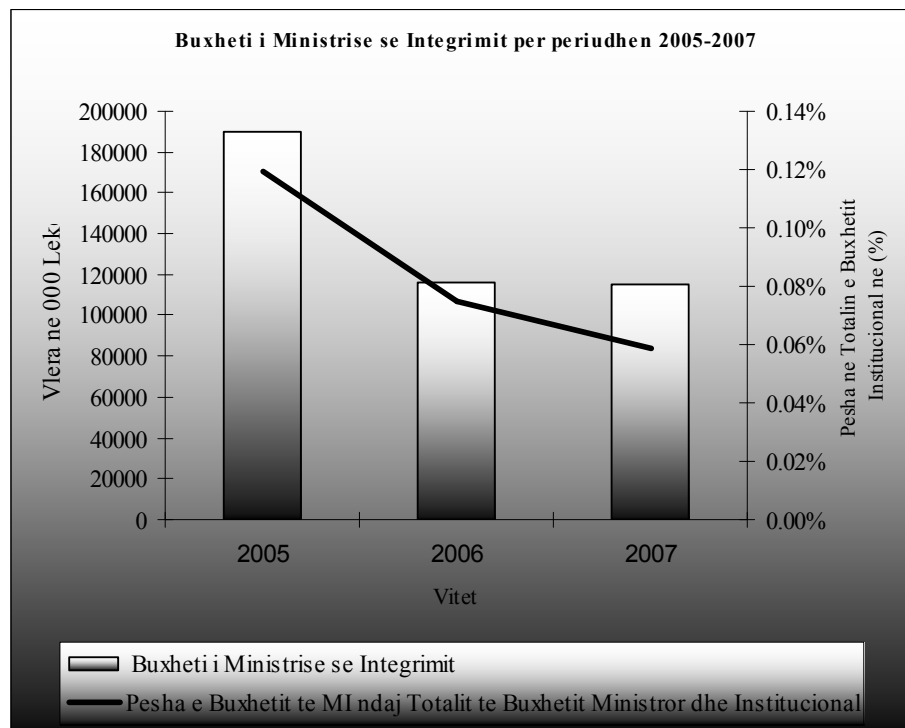
The weight of budgetary expenditure for each institution is calculated in relation to the total budget.

This graphic shows an unbalanced distribution of the state budget. Funds allocated to the Ministry of Public Works, Transports and Telecommunication amount to 20.57% of the state budget. Whereas the Ministry of European Integration is the least financed institution,

receiving only 0.06% of the state budget, although the tasks and the role it should play grow parallel to the integration process of the country²².

Leaving aside the ironical coincidence that the Ministry of European Integration appears as the least funded ministry after signing the SAA, graphic 3 identifies a cut by half of the weight of the budget of the Ministry of European Integration compared to 2005, and a decrease of 21% compared to 2006.

Graphic 3. The three-year tendency of the budget of the Ministry of European Integration 2005-2007



Source: Ministry of Finance, State Budget Package 2007.

	2005	2006	2007
Ministry of European Integration Budget (in thousands of Lek)	190,000.00	116,125.00	115,000.00
Weight of the MEI budget compared to the Total of the Ministry and Institutional Budget	0.12%	0.075%	0.06%

Why was the Ministry of European Integration budget reduced by half? Has this institution ended its mission, or is there a lacking political vision for giving this institution a say?

²² See, Decisions of the Council of Ministers No. 580, 10.09.2004 "On the scope of activity of the Ministry of European Integration".

There is a mechanical interpretation, according to which the Ministry of European Integration's role should be reduced after establishing units of European integration in the line ministries. Quite on the contrary, the role of this institution, regardless of its place in the institutional hierarchy, which in the best case should not be one of the line ministries but a principal structure at the Council of Ministers coming directly under the Prime Minister, should be increased to the benefit of the process of approximation of the domestic legislation with the *acquis communautaire*, of monitoring of the SAA obligations, of coordination and absorption of Community assistance as a supporter of the European Partnership priorities, the SAA, and consequently the development of the country.

Another priority of the institution remains coordination and provision for the voluminous translation process of the *acquis communautaire* into Albanian, the process of informing and communicating the rights and obligations deriving from the SAA for various interest groups, cooperation with local government, community and citizens. At the same time, following the Madrid criterion, the Ministry of European Integration should become a promoter of administrative capacities building through recruiting specialized staff in universities and prestigious institutes, but also providing for continuous training schemes.

The entry into force of the SAA will be accompanied by the establishment of some joint EU-Albania structures, which should necessarily be coordinated by the Ministry of European Integration. The entry into force of the SAA requires the establishment of permanent or *ad-hoc* structures, which will also be coordinated by the Ministry of European Integration. Obviously, the new structure of the Ministry of the European Integration, the lack of a political vision, administrative capacities and the insignificant budget weight (0.06%) do not help this institution to comply with the obligations imposed by the legal framework.

Were the role of the coordination structure to be reduced and the "ball" to be passed in the "field" of line institutions how would the funding of these institutions in line with the SAA priorities look?

The budget of the Ministry of Economy, Trade and Energy, which is a key institution for administering the main part of obligations deriving from the Interim Agreement in the internal market area, amounts to only 1.38% of the state budget. The budget of the Ministry of Agriculture, Food and Consumer Protection amounts to only 2.76% of the state budget, although this institution should play an important role in the process of adopting the European standards that are voluminous in the case of fields covered by the Ministry of Agriculture, Food and Consumer Protection. The budget of the Ministry of Environment, Forests and Water Management is equal to 0.94% of the state budget, rendering almost impossible the gradual implementation of European standards in the field of environment, not forgetting that meeting the standards in the environmental field is accompanied by high financial costs.

Table 2 includes some of the priority fields directly related with the SAA. Some of its components constitute detailed elements of ministerial budget, and, for this reason, their importance is seen closely in connection with the relevant ministries. The second column contains calculations of the weight of these activities compared to the total budget of Ministries and Institutions.

Table 2. State budget components by institution 2007

INSTITUTION	TOTAL BUDGET ALLOCATION (in thousands Lek)	WEIGHT COMPARED TO INSTITUTIONAL BUDGET	WEIGHT OF THE INSTITUTIONS COMPARED TO THE GENERAL TOTAL OF BUDGET EXPENDITURE 2006
Public Procurement Service	26.508,00	4%	0,01%
Council of Ministers	612.000,00		0,31%
			0,00%
Support for Economic Development	1.660.450,00	61%	0,85%
Services of Market, Accreditation and Inspection	159.090,00	6%	0,08%
Ministry of Economy, Trade and Energy	2.706.150,00		1,38%
			0,00%
Food Safety and Consumer Protection	1.337.961,00	25%	0,68%
Support for Agricultural Products, Non-Agricultural and Marketing	978.100,00	18%	0,50%
Agricultural Counseling and Information	159.500,00	3%	0,08%
Ministry of Agriculture, Food and Consumer Protection	5.415.970,00		2,76%
			0,00%
General Prosecutor's Office	961.000,00		0,49%
Constitutional Court	91.000,00		0,05%
General Directorate of Customs	1.255.000,00		0,64%
General Directorate of Standardization	26.000,00		0,01%
General Directorate of Taxation	1.598.000,00		0,82%
Directorate of Metrology and Calibration	24.000,00		0,01%
School of Magistrates	53.000,00		0,03%
High Council of Justice	65.000,00		0,03%
Competition Authority	51.000,00		0,03%
			0,00%
Justice and Internal Market	29.270,00	25%	0,01%
Institutional support for the Integration Process	23.810,00	21%	0,01%
Ministry of Integration	115.000,00		0,06%
TOTAL BUDGET ALLOCATION 2007			195.973.018

Source: Ministry of Finance, State Budget Package for 2007

If we analyse the allocated funds and the administrative structure as opposed to the obligations or the profit opportunities offered by the SAA, for instance in the veterinary field and its implications in the market, it is clear that the allocated funds are insufficient to establish a proper structure capable of ensuring the largest portion of safety in the food and animal-origin products and by-products chain. This administrative shortcoming punishes domestic producers

while making impossible the increase of exports towards the EU, although it is enabled by the liberalization offered by the SAA.

Even in the case we consider collection of revenues from this sector as a priority (*production of food and animal-origin products and by-products*), again the veterinary control structure according to the community model would ensure sufficient revenues only for an initial investment. In the years ahead, this structure will collect the necessary funds for its functioning alongside the production guarantee for internal consumption and exports in the EU countries.

The same can be said regarding the budget allocated to the Ministry of Economy, Trade and Energy for purposes of market surveillance, accreditation and inspection, at a time when the market surveillance structures, inspection and consumer access are still inexistent. Although there are many difficulties, market reforms should rapidly start if we want to give a new development dynamic to the Albanian economy.

Also, the budget allocated to public procurement is low, while progress in this field is vital for improving governance of the public sector and opening the sector to the competitive offers. The insufficient budget for the public procurements is only one of the several problems, followed by the lack of administrative capacities in the Public Procurement Agency, direct bidding procedures and the lack of competition.

Furthermore, the law on public procurements recently passed by the Parliament lacks the *guarantee*, as it does not provide for the establishment of an independent decision-making body for treating the appeals in bidding procedures, whose members can be elected by the Parliament by a 3/5th vote upon proposals coming from institutions and different groups. This solution would guarantee the political consensual basis in the Parliament, the independence and guarantee of office of the Commission members, avoiding the unsuccessful precedent of the constitution of the National Council of Radio and Television and that of the Steering Council of the Albanian Radio Television. On the contrary, the creation of the procurement²³ *Ombudsman* who can be elected by the Parliament upon the Council of Minister's proposal cannot play the same role that plays an independent authority not only in terms of election but also decision-making²⁴ powers.

Also, the intellectual and the industrial property as priorities of the SAA are not reflected in the budget. There is a need for addressing the fragmented responsibilities of the various government actors, strengthening administrative capacities and specialising the judges. The SAA defines that within four years Albania should ensure the same intellectual and industrial property as in the European Community. In order to ensure this protection, there is a need for a properly defined strategy accompanied by a sufficient funding.

²³ See, articles 13, 14, 15, 16, 17, 18 and 19 of the law on public procurement recently passed in the Parliament.

²⁴ See on this matter, *In search of a realistic agenda for Albania's EU Integration*, Policy Brief 1, AGENDA Institute, www.agendainstitute.org.

8. CONCLUSIONS AND RECOMMENDATIONS

- Albania's integration progress requires a pragmatic approach where the process opportunities and risks should be considered in a balanced and neutral manner. The government responsibility to include the main stakeholders and the public opinion in a frank debate is obvious.
- Political consensus and cooperation climate amid the political actors should be materialized through a tangible consensual agenda, mainly in connection with issues of electoral reform, economic development, institutional development, market reform as well as with the continuous reformation of the judiciary, as decisive issues for the country's development, guarantees for the SAA implementation and an impetus for the European integration process.
- Despite the importance of the observance of election standards', of the fight against corruption, traffics and organized crime, the European integration process should not equal only these. On the country, it shall be transformed into a multi-dimensional development, modernization and transformation process as enshrined in the *acquis communautaire*.
- The Albanian government should work hard to build the administrative capacities in compliance with the Madrid criteria through a lawful and transparent recruitment of specialized staff in universities and prestigious institutes, providing for continuous training schemes, implementing the civil service legislation, and more specifically implementing the Civil Service Commission and the Appeals Court decisions. It should also take measures to judge the persons that have caused damages to the state budget due to violation of the civil service legislation.
- To ensure a better coordination of the multi-dimensional obligations arising out of the process, the Ministry of European Integration can be transformed into a structure at the Council of Ministers coming directly under the Prime Minister. This can better guarantee the fleshing out of the European integration priorities in the country's development agenda. But, at the same time, a day-to-day vertical control of the line institutions from the Prime Minister could be ensured as well as a more direct relationship with the Parliament, which at the end is expected to face a voluminous workload due to the approximation of the domestic legislation with the *acquis*.
- The economic integration of Albania should be regarded in compliance with the projections of the Albanian GDP components as the only real possibility to reach the average GDP of the EU countries. The Albanian economy should start generating new alternative resources, gradually reducing dependency from remittances and better investing in the existing resources. Also, competitiveness as an impetus for the economic growth and sustainability should be considered closely with the level of productivity, increase of exports and establishment of an institutional environment characterized by a political sustainability, openness and transparency in public resources management, a transparent judiciary system that operates in compliance with the law and a regulatory framework responsive to the business.

- The liberalization regime offered by the EU through the SAA risks to not produce the expected outcomes, damaging the domestic producers and the Albanian consumers, through failing to increase exports towards the EU and lowering the public opinion confidence in the real opportunities offered by the European integration of Albania. The Albanian government should undertake legal, institutional and budgetary initiatives to develop market infrastructure as the only possibility for the development and modernization of the country, including SAA priorities as: *food safety, sanitary and phytosanitary issues, transport, rural development, agricultural and agro-processing products, environment, public procurement, competition, state aid, customs, taxes, intellectual and industrial property, standardizations and certifications, calibration, consumer protection, market surveillance, improvement of business climate, legislation on commercial companies.*
- In this context, the recently approved law “On Public Procurement”, should necessarily reflect the obligations deriving from the Directive 2004/18/CE and 89/665/EEC on the establishment an independent decision-making body for treating the appeals and the bidding procedures, whose members can be elected by the Parliament by a 3/5th of vote, upon proposals coming from the institutions and different groups. This solution would guarantee the political consensual basis in the Parliament, the independence and guarantee of office of the Commission members, avoiding the unsuccessful precedent of the constitution of the National Council of the Radio and Television and that of the Steering Council of the Albanian Radio Television. On the contrary, the creation of the procurement *Ombudsman* who can be elected by the Parliament upon the Council of Minister’s proposal cannot play the same role that plays an independent authority not only in terms of election but also decision-making powers.
- The recently approved budget needs to be harmonized with these priorities, which are essential for the economic development and utilization of the opportunities offered by the SAA. The improvement of physical infrastructure, as witnessed in the amount of the state budget allocated to the Ministry of Public Works, Transports and Telecommunication (20.57%) should go hand in hand with the improvement of market infrastructure. More specifically, there is a need for increase of budget and strengthen of administrative capacities for the Ministry of Economy Trade and Energy, Ministry of Agriculture, Food and Consumer Protection, Ministry of Environment, Forests and Water Management.

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